

**MINUTES OF MEETING  
KENTUCKY PUBLIC PENSIONS AUTHORITY  
SPECIAL CALLED MEETING MAY 26, 2021 AT 10:00A.M.  
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,  
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,  
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY  
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Board of the Kentucky Public Pensions Authority held on May 26, 2021 the following members were present: Keith Peercy, Betty Pendergrass, Jerry Powell, Dr. Merl Hackbart, William O'Mara, Campbell Connell, John Cheshire and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Kristen Coffey, Ann Case, Elizabeth Smith, Steven Herbert, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Alane Foley called roll and advised that no *Public Comment* was submitted.

Mr. Peercy introduced agenda item *Approval of Minutes – April 28, 2021*. Mr. Powell made a motion and Ms. Pendergrass seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *KRS 61.661 Interpretation*. Mr. David Eager provided insight regarding the issue of agencies wanting specific information regarding employees whose liability has been assigned to them and the agencies are indicating that they do not belong to their agency. The concern lies with the possible misuse of the information by these employers. Ms. Rebecca Adkins gave an overview of KRS 61.661 being the guiding principal that the agency has used regarding what kind information can be given out to anyone who asks. The main premise of this statute is that we have to administer these accounts in a confidential manner. Mr. Eager provided the following as solutions to this issue: get authorization from the member/employee to provide the information requested; provide the information to an actuary and/or accountant; and provide liabilities in groupings. Ms. Adkins also advised that we have had multiple open records requests

that they want more information than what we are able to provide due to our fiduciary duty to our members. Dr. Hackbart suggested that perhaps we develop some guidelines in terms of our interpretations of when it would be deemed necessary for the employers and under what circumstances the employers may request the information and would be able to receive a favorable response to their request. Proposal was made for a recommendation to give the information to the employers if they get authorization from employee, will provide to actuary and accountant, do groupings of certain employees, provide liabilities for groups of employees they contest, and to provide special audits. Ms. Betty Pendergrass spoke advocating for two audits, the annual audit which covers the employers and an additional audit, not necessarily annually, on a liability calculation. Mr. Eager indicated that discussions will be made with the entities that have requested the information to see if a compromise and agreement can be made to resolve this issue. The legislature could also weigh in on this subject and change the wording from “may” to “shall” and this would make it mandatory that the information be provided. This matter is passed awaiting a report for the outcome of discussions with the agencies and with legislators.

Mr. Peercy introduced agenda item *Investment Performance*. Mr. Steven Herbert gave the Investment Returns Report of the Retirement Trusts and the Healthcare Fund, through the end of March. Going forward, a new format for giving the report will be used making these reports easier to read. These reports were for informational purposes only.

Mr. Peercy introduced agenda item *Executive Director Contract Modification*. Mr. Eager advised that he was misinformed regarding the term of his contract that he presented to the board at the last meeting. The Finance Cabinet indicated that he could enter into a 2-year contract and he is asking the board to modify the approved contract to extend it to a 2-year contract, with the exact same terms. Mr. Lane made a motion and Mr. Cheshire seconded to approve the contract modification Mr. David Eager. The motion passed unanimously.

Mr. Peercy announced that the agenda item *KPPA Bylaw Amendments* was no longer needed and would be passed. Kathy Rupinen agreed.

Mr. Peercy introduced agenda item *PPW Discussion*. Ms. Rebecca Adkins began by giving an overview of Perimeter Park West, Inc., a 501C 25 Corporation. Advised that all of the shares have been corrected to say Kentucky Retirement Systems, but now that the boards have split, additional work will be needed. Both County Employees Retirement System and Kentucky Retirement Systems will need to nominate board members to be the shareholders of the PPW. They will give their nominees to the proxy, Mr. Steven Herbert, who will then vote for one member for each retirement system.

Mr. Peercy introduced agenda item *Administrative Expenses Calculation (Plan Split)*. Mr. David Eager stated that historically the allocation of expenses had taken a simple approach, by head count, and each system was responsible for their share. However, some areas, such as Healthcare and Legal, were found to have more of a separation in the direct versus indirect expenses. Ms. Rebecca Adkins indicated that the KPPA staff is asking for permission to continue the allocation as it has been done prior to April 1, with changes being made going forward, after the end of this fiscal year. Ms. Betty Pendergrass suggested that a written policy be developed going forward that will assist the KPPA staff in the splitting of direct and indirect expenses between the systems. Mr. Keith Peercy suggested possibly forming an Ad Hoc Committee to assist KPPA staff in determining the direct and indirect expenses that need to be allocated to each system, and to assist in developing a written policy going forward. Mr. Bill O'Mara and Mr. Prewitt Lane accepted their placements on the Ad Hoc Committee. Ms. Betty Pendergrass made a motion to continue the current practice for fiscal year ending June 30, 2021, with the exception of addressing the unique costs in 2020 House Bill 484. Dr. Merl Hackbart seconded the motion. The motion passed unanimously.

Mr. Peercy introduced agenda item *Quarterly Financial Reports*. Ms. Rebecca Adkins reviewed the Fiduciary Net Position of the Pension Funds and Insurance Funds through March 31, 2021. Ms. Adkins then reviewed the Administrative Expenses Third Quarter Budget to Actual Analysis chart noting that we have spent a little over 60% thus far this fiscal year. Ms. Adkins indicated that she plans to give system-specific reports to each of the systems, and wanted feedback from the Board if they would like to continue to receive the totals as a whole, or if they were interested in seeing the system-specific totals. The Board agreed that they would like to receive the full total,

with footnotes regarding any out-of-ordinary changes. Ms. Adkins then reviewed the Pension and Insurance Funds Contribution Reports for each of the systems. Ms. Adkins then reviewed the Outstanding Invoices Report. Ms. Adkins then reviewed the Penalty Waivers Report.

Mr. Keith Peercy introduced agenda item – *KPPA Update*. Mr. David Eager announced that the Governor has allowed the state office buildings to reopen after June 11, 2021, so we will be looking to take steps to open our doors for in-person services. Ms. Erin Surratt is working with her team to create servicing models for retirees to resume in-person counseling services. We are looking at “hoteling” our current office spaces, where one person uses an office on Monday, Wednesday, and Friday, while another person uses it on Tuesday and Thursday. We are getting responses from employee survey indicating their preferences for working from home versus working in the office. The employees will work through their supervisors to create a return to work plan. Our goal is to have our staff model in place by September 7, 2021. Once you choose a plan, there is no flexibility, unless you are reassigned to a different plan. For the House Bill 484 update, we are 82% completed. This has put a tremendous strain on the staff. There are currently 18 vacancies, some have been posted and some are on hold, but the two most recent postings include the Executive Director of Legal Services and Division Director of Real Return. Ms. Rebecca Adkins indicated that there are two contracts that were included in the material for the Board’s review, but no action is required.

Ms. Betty Pendergrass made a motion and was seconded by Mr. Powell to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held April 28, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

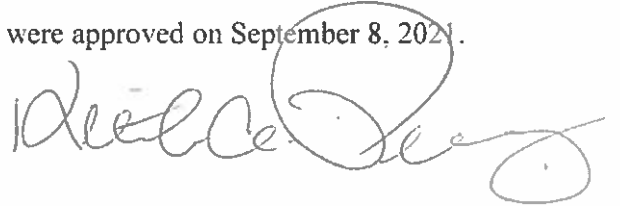
## CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.



Recording Secretary

We, the Chair of the Board of Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on May 26, 2021 were approved on September 8, 2021.



KPPA Board Chair

Executive Director

I have reviewed the Minutes of the May 26, 2021 Kentucky Public Pensions Authority Board Meeting for content, form, and legality.



Executive Director  
Office of Legal Services